



21st Century Project Stakeholder Meeting Summary July-August 2004

August 16, 2004

This recaps the 21st Century Project Stakeholders Meetings that were held on July 27th, 28th, August 3rd and 5th of 2004.

The meetings took place at the California State Controller's Office at 300 Capitol Mall, 2nd floor, Rio Tierra Room, Sacramento, CA 95814.

We would like to thank those department representatives who participated for their time and effort. There were 184 representatives from 70 departments in attendance.

Departments Represented:

Aging, Agriculture Labor Relations Board, Air Resources Board, Alcohol and Drug Programs, Alcoholic Beverage Control, Board of Equalization, Boating and Waterways, CA Community Colleges, CA Conservation Corps, CSU – Chancellor's Office, Child Support Services, CalPERS, CalSTRS, Community Services and Development, Conservation, Consumer Affairs, Corporations, Corrections, Developmental Services, Developmental Services – Sonoma State Hospital, Education, Emergency Services, Employment Development Department, Fair Employment and Housing, Fair Political Practices Commission, Finance, Financial Institutions, Fish and Game, Food and Agriculture, Forestry, Franchise Tax Board, General Services, Health and Human Services Data Center, Health Services, Highway Patrol, Housing and Finance Agency, Industrial Relations, Insurance, Judicial Council, Justice, Legislative Counsel, Lottery, Managed Risk Medical Insurance Board, Mental Health – Psychiatric Program in Vacaville, Military, Motor Vehicles, Office of Statewide Health Planning and Development, Parks and Recreation, Personnel Administration, Pesticide Regulations, Post Secondary Education Commission, Prison Industry Authority, Public Utilities Commission, Department of Real Estate, Department of Rehabilitation, State Controller's Office, Secretary of State, Social Services, State Compensation Insurance Fund, State Lands Commission, State Personnel Board, Teale Data Center, Toxic Substances Control, Transportation, Unemployment Insurance Appeals Board, Veteran's Affairs, Victim Compensation and Government Claims Board, Water Resources, Water Resources Control Board, and Youth Authority.

Agenda

Project Overview
Project Status Update
Procurement Milestones
Software Vendor Schedule
Business Case Benefits Study Update
Focus Groups
Technical Survey
Spotlight – Employee Self Service
Communication and Participation
Future Activities
Questions

Discussion:

Introductions

Speaker: Don Scheppmann, Chief Business Operations welcomed departments and provided introductions.

Speakers: Alan Waite regarding the Business Case Benefits Study and Focus Groups.
Andrew Silvester regarding the Technical Survey.

What is the 21st Century Project?

Speaker: Don Scheppmann provided a definition of the 21st Century. It is a collaborative effort to improve the human resources payroll business processes while updating the technology. We are working with all stakeholders and are looking at not only bringing in a new system but to change and improve the way we do business.

Stakeholders

One of our main partners in this project is the Department of Personnel Services (DPA) who will be working very closely with us. Camille Goodwin-Boyd is our primary DPA representative and will be working directly with the 21st Century Project team.

We are also working with the California State University and have had and will continue to have meetings with them.

Department stakeholder meetings provide important information and updates on the status of the project.

CalPERS – We recognize that they are an important stakeholder. We have initiated conversations and have started the process of formalizing our relationship to define how the two departments will interface. For example: Currently you use ACES to enter transactions for health benefits. This process in the 21st Century process will be done using the Employee

self-service. We expect that we are going to be capturing the health benefit enrollment information and interfacing the information into ACES.

Another major stakeholder is the Department of Finance (DOF), the approver of the project. The Feasibility Study Report (FSR) was the main document to get us started. DOF has approved funds for this year and we are working on the Budget Change Proposal (BCP) for next year.

One of the major groups we will be working with are the bargaining units. We have been working very closely with DPA, Labor Relations to define the impacts. The impacts have been broken down into groups which will require a different approach to each. For example, in many of the bargaining unit contracts, there is a requirement for meeting and conferring when rolling out new technology. This does not mean we must negotiate that technology, but we will need to meet and confer and explain. We will be scheduling meetings with the unions early in the process and prior to system development.

Business Driven Solutions

The new system is based on business driven solutions. We expect the application we roll out to be user friendly. The roll out will involve 240,000 employees, so the system must be somewhat intuitive with drop down selections and online instructions.

The system must have extensive availability. We are looking at 24/7 (except for maintenance time) system access at home or in the office for employees. The 24/7 availability is not likely to apply for Human Resources, Accounting, Budgets, etc. where the system will have batch processing.

The system must be secure. There will be user id's, password protection, encryption, authentication, firewalls, etc. built into the system. We are working with the Chief Information Officer for the state to ensure the level of state security.

We have to be prepared to support performance levels regardless of the number of people using the system. The software vendor is proposing the architecture, operating system, application software and tools. They're also proposing the technology and hardware. They will guarantee our expected full capacity performance levels. They have to guarantee it to perform at the level that we expect. If it does not perform at the expected level, it will be the vendor's obligation to correct it.

Oversight

This project will have several oversight processes.

- ✓ State Executive Steering Committee – is being developed. The committee will meet quarterly. They will be overseeing that from a policy standpoint the project is meeting state needs. They will also oversee that timeframes are met, we are within budget and are notified of risks.

- ✓ State Controller's Office Steering Committee – will be looking at the same subjects with an eye toward looking for consistency and bringing all divisions on board. The committee will also ensure that the project has resources committed.
- ✓ Independent Verification and Validation – a vendor will be hired once we start the procurement for the system integrator. Current we have R & G Consulting providing project oversight.
- ✓ Procurement Oversight Committee – comprised of top management levels from the State Controller's Office and General Services. They will ensure management focus and that the proper steps are followed in the procurement.

Project Status

Since the time of our first Stakeholders Meeting in April, we have:

- ✓ Obtained approval for funding by the administration by way of the May Revise.
- ✓ FSR and Information Technology Procurement Plan (ITPP) was approved, then the Request for Proposal (RFP).
- ✓ Selected a project oversight (R & G Consulting) and release the RFP for the software vendor.
- ✓ Released the 21st Century Web site that contains information about the project.

Procurement Milestones

Prior to the release of the RFP, a Request for Qualifying Information (RFQI) was completed to identify the software vendors who were capable of a job of this scope and would create a fixed population of qualified vendors. Based on the vendor's background, experience and the required criteria, 5 vendors were qualified.

In the RFP another requirement identified that each vendor must submit a letter of intent which was due on June 8th. Four vendors submitted the letter of intent.

Between July 21st – 29th a staggered procurement process was established. Individual meetings with the four vendors were scheduled with Teale to discuss Technology and SCO to respond to any questions regarding the RFP.

We are currently getting the draft proposals. A 5-day confidential draft discussions for each vendor will review administrative and technical requirements and over 600 business requirements which must be addressed by the vendors.

Each vendor will be scheduled for a 4-day meeting, with an agenda and list of questions. Two and one half days will be devoted to answering the questions and one and one half days will be devoted to a software presentation. These discussions will occur August 30th – September 22nd.

The final proposals are due September 23rd – October 14th. At this point the software is evaluated and scored. This procurement is 50% requirements and 50% cost.

A public cost opening is scheduled to take place on November 2nd. The costs are then reviewed and the evaluation is reviewed and a final score is calculated. On November 16th a software vendor is selected and a letter of intent is issued.

Once the software vendor is selected the process is duplicated for the selection of the system integrator.

The target is to have both software and integrator in place by July 2005 and start development in August 2005.

Business Case Benefits Study

Speaker Alan Waite explained the reason for the Business Case Benefits Study. It was intended to document procedures in core human resources processes which are:

- ✓ Time & Attendance including regular and additional pay
- ✓ Position Management
- ✓ Producing payments for disability and lump sum separation
- ✓ Resolving overpayments
- ✓ Employee Self Service which includes changes to home address, withholding allowances, W-2 and earning statement etc.

Approximately 20 separate business processes have been documented with templates mapping "touch points" (where someone becomes involved in the process). Templates have been developed with the processes used by the following departments:

- * Board of Equalization
- * Air Resources Board
- * Department of General Services
- * Department of Aging
- * Department of Mental Health
- * Department of Transportation
- * Department of Developmental Services
- * Department of Motor Vehicles
- * Department of Corrections
- * Department of Food and Agriculture

Partnered in this study is KPMG. Each department met with representatives from both SCO and KPMG. Currently we are reviewing the template maps. Next the maps will be sent back to the departments for validation.

KPMG assisted in documenting the workflow but their primary role will be in costing. The maps will then be used in a costing survey to calculate the cost of each step and the volume. Once the surveys are returned, the costs will be entered into costing software which will come up with a standardized cost. Benchmark standards will be calculated based on public entities such as New York, Pennsylvania, Texas, the city of Chicago, etc.

These cost will then be compared to the benchmark standards and identified in a final report. The report will also identify the costs for doing business at each department and may provide more efficient steps to doing business for workload savings.

Focus Groups

The focus groups will be used to identify the processes currently utilized within departments governed by rules, regulations, policies, and procedures. Focus groups will also assist in business reengineering and developing techniques and ideas for implementing and converting to the new system.

With the new system will come business reengineering with a goal to standardized and streamlined business processes. We will be looking at rule changes and what policies and procedures can be changed. Legislation may be needed to change laws.

The methodology will include the development of maps/models similar to the ones used in the Business Benefits Case Study. Processes being studies will include:

- ✓ Position Management
- ✓ Employment
- ✓ Employee Self Service
- ✓ Leave Accounting
- ✓ Timekeeping
- ✓ Payroll
- ✓ Benefits (such as Health Benefits, Dental Flex Elect and Vision)

The models will be used to create surveys with detailed questions to obtain what you do now, why you do it, and what needs to be done on the new system and why. These questions will be directed to a small focus group for validation, then distributed to all departments.

Once the results are tabulated we will meet with core groups of departments to discuss and review ideas and any missing information. It will be a multi-stage process starting at the end of August. The schedule is planned as follows:

* Develop Models & Surveys	September – November 2004
* Validate Models & Surveys	September – November 2004
* Distribute Models & Surveys	November 2004
* Tabulate Survey Results	December 2004 – January 2005
* Meet with Focus Groups	February – March 2005
* Analysis of Focus Group Findings	April 2005
* Final Report	May – June 2005

Technical Survey

Speaker: Andrew Silvester announced that the 21st Century Project will be surveying departments. The first survey will be to identify departments that have human resources

systems. Departments that have interfaces to and/or from the State Controller's Office also need to be identified.

An announcement letter will be sent to the Director of each department informing them of the survey. The survey will be sent out in August in an electronic format to the Human Resources Chief and the Chief Information Officer. One survey per department with a collaboration of information between both Human Resources Chief and the Chief Information Officer should be submitted.

Other surveys may be forthcoming to gather clarification and additional information.

Speaker: Don Scheppmann stated information regarding department interfaces is important in the procurement of the system integrator who will be responsible for the interfaces. The system integrator will bid based on the required interfaces.

Employee Self-Service

Speaker: Don Scheppmann provided an overview of the employee self-service feature. Currently SCO offers one self-service system, CalATERS which allows employee to request travel advances and travel expense reimbursement. The functionality envisioned for the 21st Century project will be much more extensive and will service over 240,000 employees.

The employee self-service will provide the ability for employees to view, maintain, and update information such as EAR information (e.g. address, tax exemption changes, name changes) . This will mean a shift of the burden of work from HR to the employee.

We expect maximum hours of access from work or from home. There may be labor relations issues regarding when it can be used, how often, how long.

We also recognize that many employees do not have access to computers at work. We are looking at alternatives such as interactive voice response systems. As a last result we will also have a process were someone else can key the information for the employee.

There will be online instructions with links to pertinent web site information. Employees will access forms on-line. While completing documents, audits and edits will identify incomplete or incorrect information, where possible, and have the employee correct this information before the form can be submitted. This will reduce errors and processing time spent sending forms back and forth for corrections.

Employees will be able to maintain their own personal information. Many additions, deletions or changes can be done immediately without the need for a supervisors review. Employees will also be able to maintain benefit information, view current policies, eligibility and open enrollment information. They will have the capability to make changes to self, dependents and beneficiaries.

Where appropriate documents will flow electronically to supervisors, or departments/ programs for processing (SCO, CalPERS, etc.).

Employees will also be able to view personal information on-line without having to call HR for assistance. Viewable and printable information would include information such as leave benefit and State Service balances and usage, Earnings statements, W2s, etc..

In addition, managers/supervisors will now have on-line information available that they currently cannot access. Items such as leave accounting balances and timekeeping information.

Communications

Reminder: The 21st Century Web site is available through the State Controller's Office public website at www.sco.ca.gov.

The website contains information about:

- Project Status
- Timeline
- On-line enrollment forms for stakeholder meetings
- Notes from previous stakeholder meetings
- Business Case Benefits study
- Etc.

Reminder: to receive information about the 21st Century Project via email, subscribe to the 21st Century Update list. Information on how to subscribe can be located under Publications on the 21st Century Project Website.

Stakeholder Participation

How can you help?

- Participate in users' Focus Group studies (information to be announced at a later date).
- Complete feedback on technical survey (to be distributed to departments/agencies in late August).
- Periodic review of 21st Century Project Website articles and "What's New" information (announcements for stakeholder meetings, project status, timelines, etc.).
- Support changes that will occur within your department with the implementation of the new system. A successful implementation will depend largely on support within each department. In future stakeholder meetings we may discuss the need for a department liaison.

Future Activities (key challenges and what's next)

The meeting was closed by describing key challenges for the project including:

- Understanding business needs
- Improving and changing business practices
- Change management
- Labor issues
- Procurement schedule

Future activities for the project will include:

- Software vendor evaluation and selection
- Plan, schedule and facilitate Focus Group study
- Selection of Independent Validation and Verification vendor
- Release System Integrator Request for Proposal
- Obtain Special Project Report approval
- Continue communications
- Complete Business Case Benefits study
- Utilize best practices to avoid software customization
- Recruit and retain good project staff members